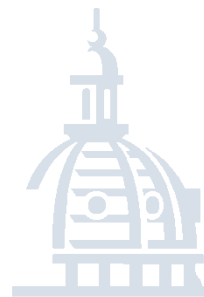


Fiscal Note

Fiscal Services Division



SF 2326 – E911 Funding (LSB6084SV)

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Fiscal Note Version – New

Description

Senate File 2326, allocates \$4.4 million for the FY 2017 lease-purchase payment for the Statewide Interoperable Communications System. The bill also authorizes the Treasurer of State to enter into a financing agreement for the purpose of building the statewide System.

Background

Work on the Statewide Interoperable Communications System began in FY 2016. Iowa Code section **34A.7A** provides that a \$1.00 monthly surcharge be imposed on all communications service providers in the state, and that it be deposited in the E911 Surcharge Fund. A \$4.0 million allocation was provided from the E911 Surcharge Fund in **HF 651** (E911 Act) enacted in 2015 for the first lease-purchase payment. In September 2015, the Treasurer of State refused to approve the plan and stated that it added \$9.0 million of excessive interest. The first lease-purchase payment to Motorola of \$4.0 million was made in February 2016. The Treasurer stated legislative authorization was necessary to negotiate a different lease-purchase payment plan.

No long-term funding stream has been identified for the System. This bill allocates the second year lease-purchase payment from the E911 Surcharge Fund, and places it in the priority order of disbursements made from the Fund as follows:

1. Allocation of \$250,000 to the Department of Homeland Security and Emergency Management for administration of the E911 Surcharge Fund.
2. Allocation of 60.0% to the individual Public Safety Answering Points (PSAPs) based on a formula (this percentage amount is contingent on the enactment of **HF 2439** (E911 Surcharge Fund)).
3. Allocation of 10.0% of the surcharge revenue to wireless carriers to recover costs.
4. Reimbursement of communications service providers for eligible transport costs.
5. Wire-line carriers and third-party E911 automatic location information costs.
6. Allocation of 12.5% (\$3.5 million) for a reserve in case of a catastrophic event.
7. One-time payment of \$4.4 million for the Statewide Interoperable Communications System.
8. Remaining funds will be expended as follows:
 - a. Grants for consolidation of PSAPs.
 - b. Up to \$100,000 for development of public awareness and educational programs.
 - c. Any remaining funds distributed equally in grant format to the PSAPs.

House File 2439 passed both the House and Senate and is awaiting second action in the House. The bill changes the formula allocation of the E911 surcharge fund to the local PSAPs from 46.0% to 60.0%, limits consolidation and other grants to the PSAPs to \$4.4 million for FY 2017, and maintains a \$3.5 million reserve in case of a catastrophic event.

Assumptions

- Revenues will continue to be generated as they have in past years at an estimated \$28.1 million annually.

- Beginning in FY 2017, annual projected expenses (other than direct payments to the PSAPs) are estimated at \$6.7 million.

Fiscal Impact

There is no impact to the General Fund as all revenues are from the E911 Surcharge Fund. The following table summarizes the revenues and expenses projected under this bill and [HF 2349](#).

E911 Emergency Communications Fund – as impacted by [HF 2349](#) and [SF 2326](#)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Projected Revenue	\$ 28,075,000	\$ 28,075,000	\$ 28,075,000	\$ 28,075,000	\$ 28,075,000
Carryover Fund Brought Forward	19,798,811	8,734,811	4,562,068	3,500,000	3,500,000
Total Revenue	<u>\$ 47,873,811</u>	<u>\$ 36,809,811</u>	<u>\$ 32,637,068</u>	<u>\$ 31,575,000</u>	<u>\$ 31,575,000</u>
Projected Expenses	\$ 13,149,000	\$ 6,664,000	\$ 6,664,000	\$ 6,664,000	\$ 6,664,000
Lease/Purchase Payment	0	4,383,000	0	0	0
PSAP 60% Pass Through	12,880,000	16,800,000	16,800,000	16,800,000	16,800,000
Total Expenses	<u>\$ 26,029,000</u>	<u>\$ 27,847,000</u>	<u>\$ 23,464,000</u>	<u>\$ 23,464,000</u>	<u>\$ 23,464,000</u>
Total Projected Operating Surplus	\$ 21,844,811	\$ 8,962,811	\$ 9,173,068	\$ 8,111,000	\$ 8,111,000
Catastrophic Reserve	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Incentive/Grant Available Amount	<u>\$ 18,344,811</u>	<u>\$ 5,462,811</u>	<u>\$ 5,673,068</u>	<u>\$ 4,611,000</u>	<u>\$ 4,611,000</u>
In FY 2017, only \$4.4 million is allowed for PSAP grants					

The funding increase or decrease by individual PSAP will vary.

Source

Homeland Security and Emergency Management Department

/s/ Holly M. Lyons

April 22, 2016

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.